
LME FINANCING

CFAC Leadership Conference

March 1, 2008



What Is An LME

An LME is a local management entity which is a public, community-based care management entity created for the purpose of providing oversight for mental health, developmental disabilities and substance abuse services to citizens in its designated catchment area.

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- Some LMEs operate as a county program serving one county and are a department of the local county government. An example would be Guilford LME.
 - Other LMEs operate as an area authority and serve multiple counties. An example would be Smokey Mountain which serves 12 counties.
 - Currently there are 25 LMEs in North Carolina
 - The area served by an LME is called a catchment area.
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Functions of an LME

NC General Statute 122C-115.4 states:

- Local management entities are responsible for management and oversight of the public system of mental health, developmental disabilities, and substance abuse services at the community level.
 - An LME shall plan, develop, implement, and monitor services within a specified geographic region (the catchment area) to ensure expected outcomes for consumers within available resources.
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The primary functions of an LME include all of the following:

- STR 24/7
 - Provider endorsement, monitoring, technical assistance, capacity development and quality control.
 - Utilization management and utilization review for consumers receiving State-funded services.
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- Authorization of the utilization of State psychiatric hospitals and other State facilities.
 - Care coordination and quality management.
 - Community collaboration and consumer affairs.
 - Financial and information management.
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How Are LMEs Funded

A local management entity receives its funding from three main sources:

- County Discretionary Funding
 - State and Federal Service Dollars
 - LME Systems Management
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County Discretionary

Counties allocate funding to local management entities to assist with the delivery of services.

These discretionary funds are used in various ways by LMEs depending on their local needs.

Some ways that county discretionary funds are used include:

- Psychiatry services
 - Supplement IPRS funding in the delivery of services
 - Crisis services
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- Facility support
 - Capital expenditures
 - Operational expenditures
 - Start up expenditures

Some counties leave the use of the discretionary funds up to the LME while other counties direct the LME as to how the funds will be used.

For State Fiscal Year 2007, using Fiscal Monitoring Reports submitted by area programs, the Division of MH/DD/SAS was able to determine that county discretionary funds totaling \$122,108,399 had been budgeted by LMEs

The funding of discretionary dollars ranged from \$51,902,804 in Mecklenburg to \$7,000 in Graham.

Looking at the funding of discretionary dollars on a per capita basis gives you a better comparison of the discretionary funding by county.

On a per capita basis, the top five counties in the State are:

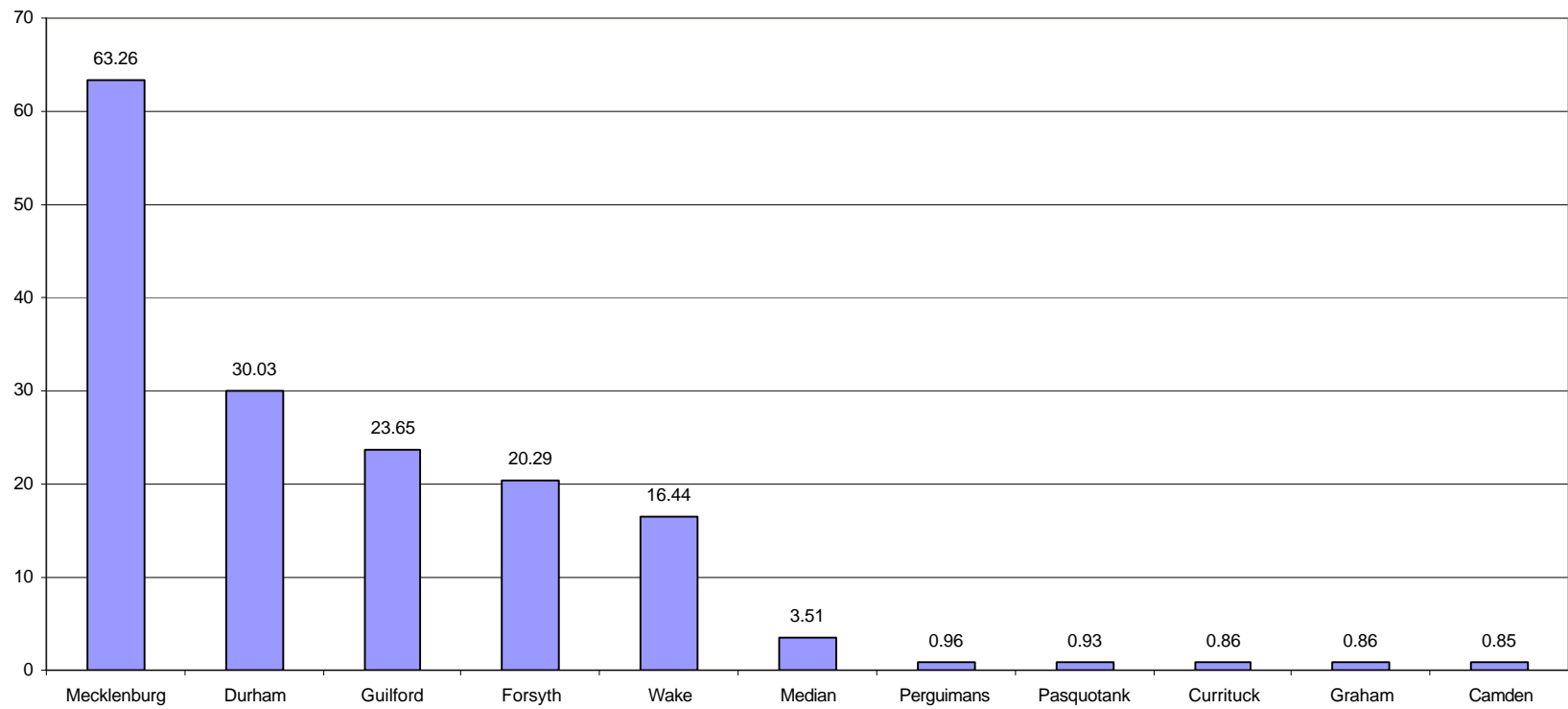
1. Mecklenburg	\$63.26
2. Durham	\$30.03
3. Guilford	\$23.65
4. Forsyth	\$20.29
5. Wake	\$16.44

On a per capita basis, the bottom five counties in the State are:

96. Perquimans	\$0.96
97. Pasquotank	\$0.93
98. Currituck	\$0.90
99. Graham	\$0.86
100. Camden	\$0.85

For all counties, the per capita median amount of discretionary funding is \$3.51.

Per Capita Funding of County Discretionary Dollars for MH/DD/SA Services



State & Federal Service Dollars

Service dollars are for the provision of services and are not intended for funding LME administration and management costs.

Typically, State service dollars are allocated to LMEs in one of two ways:

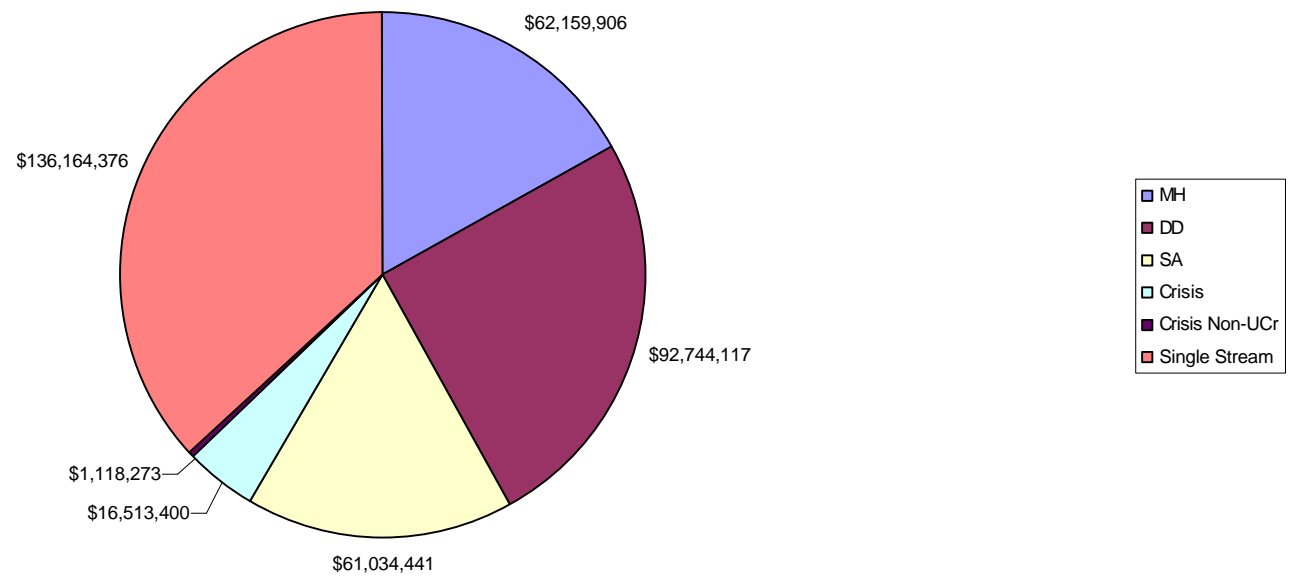
- Age/Disability – funds are allocated into specific age and disability categories.
 - Single Stream Funding – funding is allocated as a lump sum.
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Based on FY08 Final Continuation Allocations, \$369,734,513 has been allocated to LMEs for services:

MH	\$ 62,159,906	16.81%
DD	\$ 92,744,117	25.08%
SA	\$ 61,034,441	16.51%
Crisis	\$ 16,513,400	4.47%
Crisis Non UCR	\$ 1,118,273	0.30%
Single Stream	\$136,164,376	36.83%

Note: These amounts do not include MHTF or other special allocations that might have been made during the fiscal year.

MH/DD/SAS Service Dollar Funding



	<u>LME</u>	<u>Service Funding</u>	<u>Population</u>
1.	Piedmont	\$35,185,780	685,297
2.	W. Highlands	\$25,876,122	491,778
3.	Wake	\$23,390,863	807,934
4.	ECBH	\$23,144,559	341,488
5.	Sandhills	\$23,122,908	531,311
6.	Mecklenburg	\$21,906,809	842,622
7.	Pathways	\$19,601,692	366,965
8.	Smoky Mtn.	\$17,878,558	352,858
9.	Guilford	\$15,743,748	445,137
10.	CenterPoint	\$15,545,170	423,441

	<u>LME</u>	<u>Service Funding</u>	<u>Population</u>
11.	EastPointe	\$12,927,992	294,695
12.	ACR	\$12,514,818	258,370
13.	Five County	\$12,416,530	231,946
14.	SE Regional	\$12,192,110	256,034
15.	OPC	\$11,971,430	221,571
16.	Southeastern	\$11,480,537	334,637
17.	Durham	\$11,247,470	248,516
18.	Catawba	\$10,548,973	152,597
19.	Albermarle	\$10,460,001	231,925
20.	Crossroads	\$ 9,950,309	259,341

	<u>LME</u>	<u>Service Funding</u>	<u>Population</u>
21.	Cumberland	\$ 9,276,942	307,463
22.	Beacon Center	\$ 8,407,440	244,632
23.	Foothills	\$ 5,827,934	249,261
24.	Onslow-Carteret	\$ 4,981,924	223,377
25.	Johnston	\$ 4,133,894	155,874

Age/Disability Allocations

Funds are allocated to specific age/disability categories within Mental Health, Developmental Disabilities and Substance Abuse. For example:

- Child Mental Health
 - Adult Developmental Disability
 - Adult Substance Abuse
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Allocations are made to specific age/disability categories by Division of MH/DD/SAS Budget Office.

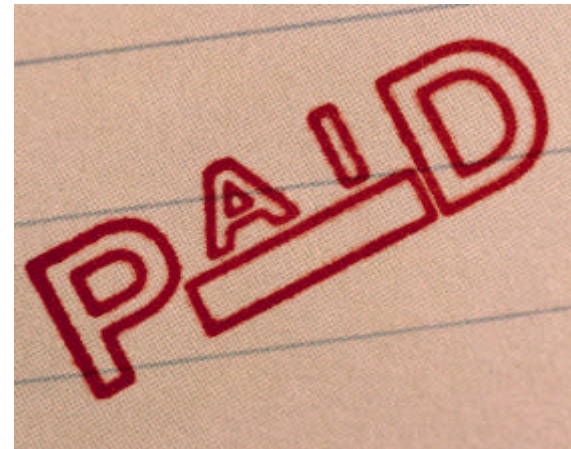
Factors that contribute to the amount allocated to an LME within the age/disability categories:

- Funding appropriated by the NC General Assembly to the broad age/disability categories in the State Budget.
 - Prior years utilization of service dollars by an LME.
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Within age/disability, service dollars are allocated as UCR or Non-UCR.

- UCR stands for unit cost reimbursement.
 - Non-UCR stands for non-unit cost reimbursement
 - Both types of funding are allocated to providers for the delivery of services.
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- UCR funds are earned/drawn down as claims for the delivery of services are submitted by providers to the LME and then forwarded by the LME to the State IPRS System for processing.
 - After claims are approved for payment within the IPRS System, the funding is paid to the LME.



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- While claims are not required for Non-UCR funds, most LMEs require submission of an invoice by providers before the LME will pay the funds to the provider.
 - On a monthly basis, the LME submits a report to the Division where it reports its expenditure of Non-UCR funds so the LME can be reimbursed.
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Single Stream Funding

Single Stream Funding is a funding arrangement whereby State service dollars are allocated to an LME outside of age/disability, i.e. allocated as a lump sum and provided to the LME in monthly installments.

Advantages of Single Stream Funding:

- **Local Control** – based on identified service needs and with input from stakeholders such as CFAC and community collaboratives, the LME determines the age/disability distribution of State service dollars.
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- **Utilization of Funds** – under the traditional age/disability allocation of funds to LMEs there are instances where all of the service dollars are not drawn down or earned. Since management of the Single Stream funds is controlled on the local level, there could be less instance of not fully utilizing all of the service dollars.
 - **Flexibility** – under the traditional age/disability allocation of funds, to realign funds from the category they were originally allocated to requires Division approval. Single Stream gives the LME the flexibility to make adjustments to its allocation of funds during the fiscal year at its sole discretion.
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LMEs that currently have Single Stream Funding:

1. Durham
 2. Guilford
 3. Crossroads
 4. Five County
 5. Sandhills
 6. East Carolina Behavioral Health
 7. Mecklenburg
 8. Piedmont
 9. Smoky Mountain
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Criteria For Obtaining Single Stream Funding

As required by Session Law 2007-323, House Bill 1473, Section 10.49 the Division of MH/DD/SAS has developed criteria that an LME must meet before it can obtain Single Stream Funding.

- Approved crisis plan
 - Not at imminent risk of financial failure
 - Agreement with CFAC
 - Earned 85% of its service dollars in the previous year
 - Meet 65% of the performance goals
 - Pledge to serve all disabilities, report shadow claims, meet Maintenance of Effort and all other federal requirements.
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LME Systems Management

The Division of MH/DD/SAS allocates LME Systems Management Funding to LMEs that provides funding for administration and management costs incurred in the course of carrying out the essential LME functions.

- Based on FY08 Continuation Allocations, \$128,569,515 in LME Systems Management funding was allocated to LMEs for management expenditures.
 - LME Systems Management funding is paid to LMEs by the Division in monthly 1/12th allotments and LMEs file monthly expenditure reports detailing how the funding has been utilized.
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Questions/Discussion

